

## Message Text

CONFIDENTIAL

PAGE 01 CARACA 02931 142200Z

72

ACTION ARA-10

INFO OCT-01 ISO-00 NEA-09 FEA-01 ERDA-05 AID-05 CEA-01

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INRE-00 PA-01 PRS-01 USIE-00 NSCE-00 /093 W

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O P 142121Z MAR 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 8012

INFO AMCONSUL RIO DE JANEIRO IMMEDIATE

C O N F I D E N T I A L CARACAS 2931

RIO FOR ASSISTANT SECRETARY ROGERS

E.O. 11652: GDS

TAGS: PFOR, VE

SUBJECT: ASSESSMENT OF PRESIDENT PEREZ'S FIRST ANNUAL REPORT

REF: CARACAS 2804 AND 2805

SUMMARY: IN HIS MARCH 12 MESSAGE TO THE VENEZUELAN CONGRESS ON HIS FIRST TWELVE MONTHS IN OFFICE, PRESIDENT PEREZ SOUNDED A NOTE OF MODERATION AND CONCILIATION IN BOTH INTERNATIONAL AND DOMESTIC POLICIES. PEREZ DID NOT WAIVER FROM HIS INTENTION TO PURSUE AMBITIOUS PROGRAMS AT HOME AND ABROAD, BUT HIS SPEECH WAS FREE OF SURPRISES AND FULL OF PRAGMATISM. BOTH IN TONE AND SUBSTANCE, THE MESSAGE ALSO REFLECTED PEREZ'S STRONG PERSONAL AUTHORITY. END SUMMARY.

1. THE EMBASSY HAS REPORTED THOSE SECTIONS OF PRESIDENT PEREZ'S MARCH 12 REPORT DEALING WITH U.S.-VENEZUELAN AND U.S.-CUBAN RELATIONS (REFTELS) AND WITH PETROLEUM POLICY (SEPTTEL). FURTHER SEPTTELS ARE IN PREPARATION SUMMARIZING THE REMAINING PORTIONS  
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PAGE 02 CARACA 02931 142200Z

OF THE DOCUMENT. THIS MESSAGE CONTAINS THE EMBASSY'S ANALYSIS

OF THE PEREZ STATEMENT.

2. IN DEALING WITH INTERNATIONAL ISSUES, PRESIDENT PEREZ STRUCK A REMARKABLY MODERATE AND CONCILIATORY TONE. OVER AND AGAIN, HE REPEATED THEMES OF "INTERDEPENDENCE" AND "COOPERATION." HE STRESSED THE HISTORIC TIES BETWEEN THE U.S. AND VENEZUELA AND DELIBERATELY OMITTED ANY REFERENCE TO THE U.S. TRADE ACT (SEE CARACAS 2882). PEREZ LAUDED THE RESULTS OF THE OPEC SUMMIT MEETING IN ALGIERS AND AGAIN UNDERLINED THE NEED FOR THIRD WORLD SOLIDARITY IN THE DEFENSE OF RAW MATERIALS, BUT HE HELD OUT THE HOPE THAT "IN THE COURSE OF THIS YEAR" THE DEVELOPED COUNTRIES AND THE DEVELOPING COUNTRIES WOULD DIMINISH THE DIFFERENCES BETWEEN THEIR EXTERNAL POLICIES. ONE REASON FOR THIS POSTURE OF REASONABLENESS BY PEREZ MAY BE THAT HE DOES, IN FACT, ASPIRE TO PLAY SOME BRIDGING ROLE BETWEEN THE INDUSTRIALIZED AND DEVELOPING COUNTRIES.

3. ON THE DOMESTIC SIDE, PEREZ'S PROPOSAL FOR LEAVING OPEN THE POSSIBILITY FOR JOINT ENTERPRISES IN THE OIL INDUSTRY WAS A FURTHER INDICATION OF HIS CONCILIATORY APPROACH. IN CONTRAST TO SEVERAL EARLIER ADDRESSES ON THIS SUBJECT, HE DID NOT OVERPLAY THE NATIONALIZATION ISSUE. THIS APPROACH MAY REFLECT A GROWING AWARENESS BOTH OF VENEZUELA'S DIFFICULTIES IN MANAGING THE ENTIRE OIL INDUSTRY WITHOUT SUBSTANTIAL HELP FROM ABROAD AND OF THE NEED TO KEEP OPEN THE OPTION OF FOREIGN PARTICIPATION IF IT BECOMES NECESSARY. THE INITIAL REACTION BY THE AMERICAN BUSINESS COMMUNITY IN CARACAS TOWARDS THIS SPEECH HAS BEEN FAVORABLE.

4. IN THE FIELD OF SOCIO-ECONOMIC REFORM, PEREZ CONTINUED TO ADVOCATE STRONGLY A FAIRER DISTRIBUTION OF PROPERTY AND WEALTH IN VENEZUELA, AND HE OUTLINED SEVERAL PROGRAMS FOR ACHIEVING A MORE BALANCED SOCIAL STRUCTURE. NONETHELESS, HE DID NOT PROPOSE ANY NEW LEGISLATION FOR TAX REFORM.

5. ANOTHER UNMISTAKABLE NOTE IN THIS ANNUAL REPORT WAS THE PERSONAL AUTHORITY OF CARLOS ANDRES PEREZ. HE REFERRED TO HIMSELF AS BEING "AT THE SUMMIT OF POWER" AND ACCEPTED "PERSONAL RESPONSIBILITY" FOR HIS PROPOSED REVISION OF THE OIL REVERSION BILL TO ALLOW FOR FOREIGN PARTICIPATION. SIGNIFICANTLY, THERE WAS LITTLE MENTION OF THE VENEZUELAN ARMED FORCES IN THIS MESSAGE. BACKED BY MAJORITY CONTROL OF BOTH HOUSES OF CONGRESS BY HIS ACCION DEMOCRATICA  
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PAGE 03 CARACA 02931 142200Z

PARTY, PRESIDENT PEREZ HAS NEVER SEEMED SO FIRMLY IN COMMAND OF HIS GOVERNMENT.  
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## Message Attributes

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